Driving Patient Cash Collections with Technology

Asha Strazzero-Wild, Advisory Board
Christine Mavilia & Lauren Quimby, Shields Health Care Group
Patient Access Harder to Navigate and More Critical

Patient Obligation Will Make up 25% of Total Charges in 2017

Enrollment on exchanges through January 2017

- 13.8M

Average deductible for Bronze plan, 2016

- $5,731

Average Commercially Insured Deductible

<table>
<thead>
<tr>
<th>Year</th>
<th>Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$1,097</td>
</tr>
<tr>
<td>2013</td>
<td>$1,135</td>
</tr>
<tr>
<td>2014</td>
<td>$1,217</td>
</tr>
<tr>
<td>2015</td>
<td>$1,318</td>
</tr>
</tbody>
</table>

Patient Propensity-to-Pay\(^1\) by Deductible Size

<table>
<thead>
<tr>
<th>Deductible Range</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500-$999</td>
<td>68%</td>
</tr>
<tr>
<td>$1,000-$2,000</td>
<td>62%</td>
</tr>
<tr>
<td>$2,001-$3,500</td>
<td>61%</td>
</tr>
<tr>
<td>$3,501-$5,000</td>
<td>50%</td>
</tr>
<tr>
<td>$5,001-$6,350</td>
<td>36%</td>
</tr>
</tbody>
</table>

Low Probability of Collecting Patient Obligation Without POS Payment

A patient with a $150 obligation only has a 36% chance of ever paying the full amount.


\(^1\) Percentage of patients paying any portion of bill.
Patients Are Becoming a Major Payer

Business Mix is Shifting…

Payer Mix at Average 400 Bed Facility

- Payer
- Risk
- Patient Portion

- 2012: 95
- 2014: 80
- 2016: 55

25-30%

Consumer payments as a proportion of total provider revenues, 2015

Patients Assuming Greater Financial Responsibility...

Out-of-Pocket Expenditures, Insured Consumers (Billions)

- 2007: $250
- 2015: $420
- 2017E: $540

Most growth in patient obligation is translating to bad debt

2) 2: Moody’s Investor Services
Defining POS Collections

**Advisory Board Financial Leadership Council Definition**

Collection of the portion of a bill that is likely to be the responsibility of the patient prior to the provision of services.

**This includes:**

- Collection from self-pay patients
- Collection from insured patients (copay, deductible, co-insurance)
- Initial payments collected for approved payment plans
- Prior balances and bad debt accounts
Amount Patient Pays Up Front Indicator to Pay Rest

Recommendation to Collect 60% of Obligation Up Front if Less Than $2K

Average Increase in Likelihood of Collecting Total Patient Obligation by POS Payment, Compared to When No POS Payment Is Made (Times)¹

\[ n=613,068 \text{ claims, 18 facilities} \]

<table>
<thead>
<tr>
<th>Percentage of the total patient obligation collected at POS</th>
<th>1x</th>
<th>1.23x</th>
<th>2.69x</th>
<th>3.34x</th>
<th>4.01x</th>
<th>5.37x</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-50%</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>51-60%</td>
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<td></td>
</tr>
<tr>
<td>61-70%</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>71-80%</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>81-90%</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>91-99%</td>
<td></td>
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</tbody>
</table>

¹) Analysis controlling for patient obligation size, payer class, and back-end collections performance.

<table>
<thead>
<tr>
<th>30+ Facility Radiology Group</th>
<th>Operating in the highly competitive Boston Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>across Massachusetts and New Hampshire</td>
<td></td>
</tr>
<tr>
<td>100+</td>
<td></td>
</tr>
<tr>
<td>Revenue Cycle FTEs</td>
<td></td>
</tr>
<tr>
<td>200,000+</td>
<td></td>
</tr>
<tr>
<td>Scans conducted annually</td>
<td></td>
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</tbody>
</table>
The Challenges Facing Shields

1. Remaining the first choice value provider
   Operating in a highly saturated market with other big name health care organizations has required us to focus on increasing overall revenue capture and maintaining margin.

2. Preventing a continual rise in bad debt
   Bad debt was approaching $2.5M as a result of a rise in HDHPs and inefficient patient access processes including lower point-of-service collections.

3. Updating processes to better serve patient payers
   With patient obligation increasing at an annual rate of 15% and representing a higher percentage of annual revenue, our patient access processes needed to be centralized rather than spread across geographic “hubs”.

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The Patient Access Story: A Tale of Two Tactics

John has a HDHP.

John finds out he needs a pacemaker.

John is unaware he will owe $8,500 and is not informed during his pre-service call. Registrar verifies John’s service, sees the procedure is flagged as a conditional denial, and contacts provider for documentation. Registrar verifies insurance, calculates POS payment, and triages John to financial counseling. Financial counselor calls John prior to service to set up a payment plan. John follows through on his payment plan and will likely return to this organization for future care.

Without Strong POS Collections Practices

John refuses to pay $500 deposit. Registrar does not have patient scripting or training so makes a note on his file. After the procedure, hospital receives pre-certification denial. Three staff re-work account for five additional hours and hospital loses $8,500.

Increased denials
Reduced cash collection
Unsatisfied patient

With Strong POS Collections Practices and Payment Navigation Compass

Improved bottom line
Satisfied patient
Accountable staff

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Six Sigma Mentality

2010: Became a six sigma system

GOALS:
- Use data more effectively
- Take emotions out of decision making
- Use data to drive decisions
Learning Objectives

Our Methodology to Create the Best Patient Financial Experience

- Analyze process improvement opportunities such as the creation of an exception-based revenue cycle team

- Evaluate and define team member roles to create clear expectations across all sites

- Establish and define consistent and efficient patient financial processes and systems
Ensure Patients are 100% Financially Cleared

Team Evaluated Types of Work to Financially Clear a Patient

Reduce denials caused by eligibility/authorization errors

Standard Process

• Schedule and pre-register visits
• Interface with patients and doctors
• Educate patients on financial liability.

Exception-Based Work

• Work with payers to reconcile authorization discrepancies
• Work all scrubbers and denials
• Ensure all eligibility and demographic information is correct

Maintain patient throughput and operational efficiencies
Create Specialized Patient Access Teams

Six Sigma in Action

<table>
<thead>
<tr>
<th>People</th>
<th>Process</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role Restructuring and Resource Allocation</td>
<td>Customer Care Team- Workflow</td>
<td>Technology Supports Our Needs</td>
</tr>
<tr>
<td>• Exception based Revenue Cycle Team (RCT) created</td>
<td>• Optimize clinical decision support</td>
<td>• Demographic validation compares registration data with payer data</td>
</tr>
<tr>
<td>• Roles and expectations clearly defined between RCT and existing patient access groups</td>
<td>• Streamline order sets and protocols</td>
<td>• Exception based worklisting helps Revenue Cycle Team identify “at risk” accounts</td>
</tr>
</tbody>
</table>

| Revenue Cycle Team- Payers and Authorizations | | • Utilization reports, QA, and audit tracking helps management hold staff accountable |
| • Ensure clinicians understand benefits | | • Automated authorization workflow quickly identifies authorization risk; alerts also flag discrepancies across our facilities |
| • Customize trainings for different stakeholders | | |

| Dedicated Patient Financial Services Team- Patient Financial Experience | | |

Increased POS Collections

POS Collections

$86,000 $1,400,000 $2,600,000 $3,900,000 $5,200,000 $6,393,284

$- $1,000,000 $2,000,000 $3,000,000 $4,000,000 $5,000,000 $6,000,000 $7,000,000


622% Increase in POS in 5 yrs

POS Collections
Linear (POS Collections)
Increased Overall Patient Receivables

Patient Receivables

$5,000,000 $6,000,000 $7,000,000 $8,000,000 $9,000,000 $10,000,000 $11,000,000 $12,000,000 $13,000,000 $14,000,000 $15,000,000 $16,000,000 $17,000,000


$7,400,000 $8,300,000 $9,500,000 $10,200,000 $12,000,000 $14,000,000 $15,500,000

110%
Increase in patient receivables in 5 yrs
Increased Overall Patient Collections

Overall Patient Collections

11%
Increase in patient collections in 3 yrs

<table>
<thead>
<tr>
<th>Year</th>
<th>Overall Patient Collections</th>
<th>Increase in patient collections in 3 yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>75%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>83%</td>
<td>11%</td>
</tr>
<tr>
<td>2016 to date</td>
<td>86%</td>
<td></td>
</tr>
</tbody>
</table>
Our Next Steps

Advancements in Price Transparency

Price transparency is advertised on our website, educating patients on cost of service in a user-friendly way.

The registration process is hardcoded to ensure every patient receives an estimate or financial disclosure.

Using Email to Keep Patients Informed

We have started emailing pre-service estimates and post-service balances to patients.

Instituting an iPad Check-in Process

Our iPad patient check-in technology will help us streamline patient access processes and workflow, ultimately creating a seamless patient experience.
Advancements in Price Transparency

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The registration process is hardcoded to ensure every patient receives an estimate or financial disclosure.

We’ve got nothing to hide: Shields allows you to calculate your price and understand your savings.

We want you to be completely prepared for your MRI—and that includes knowing what you will be charged. By no means ‘a gloomy’ site from Shields that speaks in technical terms of MRI and the latest technological advances. At all times, the presentation design may be subject to change, as the price list is just a guide. The bill will be from Shields for the examination and set within the total package for the exam.

You should be very clear about your choice to have an MRI at Shields, and we encourage you to compare our services to other providers. There are items that you should include all providers as you work through this: an MRI and a cost, which is considered a comparison cost for you.

Looking for an out-of-pocket price estimate?

1. Ask your doctor’s office for your breakdown of ordering radiologist, known as a COI, which is your estimate of what you might need to pay (e.g., $200 MRI with contrast).
2. Ask your insurance company.
3. Give us a call at 877-PET-1235 or email at info@shields.com or visit Shields.com and your insurance company:
   - Voxel Beam
   - MRI Lumbar
   - MRI Cervical
   - MRI Extremity (Knee, Leg, Shoulder, Arm)
   - PET/CT Whole Body

Savings Calculator

The price of an MRI or PET/CT scan in Boston itself can vary tremendously. Patients are advised to shop for the best price, as the costs provided are estimates. Our goal at Shields is to provide a simple tool that shows your savings potential per exam. You can input the breakdown for the exam that you plan on getting for a scan.

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